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DEPARTMENT OF STATE

Memorandum of Conversation

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DATE: On or about June 11, 1953

SUBJECT: José Figueres and Guatemala.

PARTICIPANTS: Mr. Stanley I. Posner, Attorney of Washington, D. C.
Mr. Thomas C. Mann, Deputy Assistant Secretary of State

COPIES TO: MID
ARA - Mr. Woodward
Amembassy Guatemala (informally)
Amembassy San José (informally)

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Mr. Stanley I. Posner, an attorney of Washington, D. C., called at his request at my home on about June 11, 1953, in the evening, and produced what he described as a copy of a report from Carlos Facio, written from Guatemala City, to Mr. Figueres in San José. Mr. Posner stated that the copy had been sent by Mr. Figueres to Mr. Hazera of the Costa Rican Embassy here and that he was "sure Figueres wanted me to see it."

The letter in substance reported that Facio talked with Osegueda who rejected the suggestion that any communists had infiltrated the Guatemalan Government and who expressed the opinion that if the United States attempted to impose economic sanctions they would be ineffective since Guatemala could sell its coffee to Western Europe, etc.

While not specific on the point, the report implied that Facio had a written memorandum, which apparently commented on the subjects of communism and the United Fruit Company. Osegueda was reported to have advised Facio not to mention the subject of communism to President Arbenz because this would only make the President angry. Facio apparently decided to accept this advice and to delete from his memorandum any references to communism, presumably leaving in, however, references to the United Fruit Company. Osegueda was reported to have urged Facio to see

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to see Arbenz and to have arranged the appointment.

On the subject of the United Fruit Company, Oseguecda is alleged to have outlined Guatemala's plan. I copied in my own handwriting with Posner's permission the following extract on this subject from the report:

> "1) La expropiación de las tierras de reserva les impedirá expandirse o sustituir cultivas. Asi lentamente se irán retirando, sin provocar el problema brusco de la paralización de trabajos. Los trabajadores desempleados--afirman ellos--las irán asumiendo las comunidades agrarias que se van a formar en torno a las tierras expropiadas. 2) La carratera del Atlántico y la construcción del Puerto de Santo Tomas dejará obsoleto el ferrocarril. Solo lo podía usar la United para transportar bananas, y cuando este negocio decline definitivamente, lo tendían que vender como chatairra."

According to the paper shown me, Facio next spoke with Manuel Noriega whose views coincided with Osegueda's except that he thought there is a communist problem and that the Guatemalan Government should face up to it.

The alleged report went on to say that Arbenz received Facio and listened to his views (presumably re the plans of Figueres re United Fruit) and said very little. It concluded by stating that, while the Guatemalans professed to be very confident, in Facio's opinion this was probably a front.

I told Mr. Posner that, while I was glad to hear of Facio's trip and impressions, I wished to make it very clear--and wished him to remind Figueres--that the Department had no connection and no responsibility for Facio's mission and that certainly the Department and I believed the Fruit Company had not authorized anyone to speak in their behalf. Mr. Posner said it was clearly understood that Facio's mission was on the sole responsibility of Mr. Figueres. I replied that this was evident since we had no advance notice of the trip and no idea of the nature of the written or verbal suggestions that Facio may have made. I expressed the opinion that the Guatemalans were perfectly capable of distorting the facts to try to make it appear that Facio was acting on the Department's behalf.

Comment:

Guatemalan officials have consistently tried to make it appear that there are no differences between the United States and Guatemalan Governments--that the only disputes are between

the Guatemalan

the Guatemalan Government and U.S. investments in Guatemala. If, as I assume, Figueres and Facio made known our attitude on communist influence in the Guatemalan Government in a way which it would be difficult for us to do directly and officially, this is to the good. The risk is that Figueres will not accurately represent his own status and that he will shift from the subject of communism to the subject of the United Fruit Company.

The contents of this memorandum should not be made known to any official of any other American republic except on instructions from the Department.

ARA:TC[illegible]:mlc